

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2016-311-C – ORDER NO. 2016-____

IN RE:	Application of Sandhill Connexions, LLC)	
	for a Certificate of Public Convenience and)	ORDER GRANTING
	Necessity to Provide Facilities-Based and)	CERTIFICATE AND
	Resold Local and Interexchange Voice Services,)	APPROVING
	and for Alternative Regulation Pursuant to S.C.)	ALTERNATIVE
	Code. Ann. Sections 58-9-575 and 58-9-585)	REGULATION
	Within Certain Areas of the State of South Carolina)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Sandhill Connexions, LLC (“Connexions” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide facilities-based and resold local and interexchange Internet Protocol (“IP”) voice services within certain areas of the State of South Carolina (“Application”). The Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 2015) and the rules and regulations of the Commission. By its Application, the Company also requested alternative regulation of its local and interexchange service offerings pursuant to S.C. Code Ann. §§ 58-9-575 and 58-9-585 and the general regulatory authority of the Commission, and the waiver of certain Commission regulations.

The Commission’s Clerk’s Office instructed the Company to publish, one time, a Notice of Filing and Hearing (the “Notice”) in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice was to inform interested parties of the Application of the Company and of the time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the

Commission with a proof of publication of the Notice on September 29, 2016. A Petition to Intervene was filed by Lancaster Telephone Company d/b/a Comporium (“Comporium”) on October 3, 2016. Subsequent to the intervention, the Company and Comporium reached a Stipulation, which was filed on October 12, 2016, and which is attached hereto as Order Exhibit 1.

On October 17, 2016, counsel for the South Carolina Office of Regulatory Staff (“ORS”) filed a letter with the Commission setting out that it had reviewed the Application and did not oppose the Commission granting the Application. The ORS also sought to be permitted to be excused from the hearing in the Docket. The Applicant did not object to the ORS request. The Hearing Examiner granted the ORS request to be excused from the hearing by Hearing Officer Directive dated October 27, 2016, Order No. 2016-111-H.

A hearing was convened on November 14, 2016, at 10:30 am in the office of the Commission in Columbia, South Carolina, before Josh Minges, Hearing Examiner. Connexions was represented by Carrie L. DeVier and Robin E. Tuttle, Esquires. Comporium did not appear at the hearing. As noted, ORS requested to be excused from the hearing and did not appear.

C. Lee Chambers, President of Sandhill Connexions, LLC, appeared and testified in support of the Company’s Application. The record reveals that the Company is a limited liability company (“LLC”) organized under the laws of the State of South Carolina and that it is a wholly-owned subsidiary of Sandhill Telephone Cooperative, Incorporated (“STCI”), a South Carolina corporation and incumbent local exchange carrier (“ILEC”).

According to Mr. Chambers, the Company seeks authority as a provider of facilities-based and resold local and interexchange IP voice services. Mr. Chambers explained the

Company's request for authority and provided further information about the Company's service area, network, services, and operations for the record.

Mr. Chambers provided further testimony as summarized here. Connexions will offer local and interexchange IP voice services in the operating areas of the following ILECs: Darlington, Dillon, and Marlboro Counties that are served by BellSouth Telecommunications, Inc. d/b/a AT&T South Carolina ("AT&T"); the parts of Chesterfield County that are outside of STCI's authorized service area that are served by AT&T; and the parts of Kershaw County that are outside of STCI's authorized service area and that are served by AT&T, Windstream South Carolina, LLC ("Windstream"), and Comporium.

Connexions will offer facilities-based IP voice services using its cable systems, existing and new fiber facilities, copper, and fourth generation ("4G") Long Term Evolution ("LTE") wireless facilities. Connexions will also offer resold IP voice services.

Connexions will offer bundled local and long distance IP voice services on a flat rate basis to business and residential customers. Connexions will not offer separate local or interexchange services on a stand-alone basis. Connexions will offer voice services with custom calling and Voice over Internet Protocol ("VoIP") features comparable to custom local area signaling services ("CLASS") features. Connexions will provide access to emergency call services (e.g. 911), directory assistance, and other ancillary services. Connexions will offer operator-assisted services to its presubscribed customers. A complete description of Connexions' services is included in its proposed tariff.

With regard to management and technical capabilities, the Company's Application and Mr. Chambers' testimony both evidence that the management of the Company, through its parent STCI, has extensive experience in telecommunications, operations, information technology,

regulatory matters, and accounting and finance. Mr. Chambers also testified that the Company will operate in accordance with Commission rules, regulations, guidelines, and orders. Mr. Chambers offered that approval of the Company's Application would serve the public interest.

With regard to the Company's financial ability, the Company's Application and Mr. Chambers' testimony both evidence that the Company, through its parent STCI, has the financial resources to operate in South Carolina. Further, the Company submitted a late-filed exhibit to its Application, demonstrating that it, together with its parent, STCI, meets the required investment in telecommunications facilities in South Carolina and has the financial stability to avoid the need for Company to file a bond or other security measure related to its provision of retail residential local exchange service.

The Company requests a waiver of the requirement to keep its financial records in conformance with the Uniform System of Accounts ("USOA"); the requirement in S.C. Code Ann. Regs. 103-631 to publish local exchange directories; the requirement in S.C. Code Ann. Regs. 103-612.2.3 to file a map of service areas; and the requirement in S.C. Code Ann. Regs. 103-622.1(d) to itemize toll charges. The Company's Application and Mr. Chambers' testimony both evidence that the Company maintains its books in accordance with Generally Accepted Accounting Principles; that the Company will make arrangements to include customer names in directories of the appropriate ILEC of the Company's service areas; that the Company's service areas will mirror the service areas of the ILECs where the Company provides service; and that there will be no toll charges on customers' bills because Company will offer and bill local and long distance IP voice services on a bundled flat-rate basis.

The Company requests that the Commission adopt an alternative means of regulating the Company pursuant to S.C. Code Ann. §§ 58-9-575 and 58-9-585, specifically requesting that the

Commission not fix or prescribe the rates, tolls, charges, or rate structures of the Company's bundled interexchange and local services or for its operator and directory assistance services and that the Company be allowed to file and maintain price lists for its local and interexchange services without filing a maximum rate schedule. The Company's Application and Mr. Chambers' testimony both evidence that the Company will offer facilities-based and resold local and long distance IP voice services to residential and business markets on a bundled flat-rate basis; that the Company will not offer separate local or interexchange services on a stand-alone basis; and that the Company is subject to competition with respect to its bundled local and long distance IP voice services, as well as the directory assistance and operator service offerings.

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. The Company is organized as an LLC under the laws of the State of South Carolina.
2. The Company desires to operate as a provider of facilities-based and resold local exchange and interexchange services in South Carolina.
3. The Company possesses the managerial experience and capability to operate as a provider of local exchange and interexchange services in South Carolina.
4. Based on the financial statements submitted by the Company and the testimony at the hearing, the Company possesses sufficient financial resources to provide the services as described in its Application and testimony.

5. The issuance of a Certificate of Public Convenience and Necessity to the Company to operate as a provider of local exchange and interexchange telecommunications services in South Carolina would be in the public interest of the citizens of South Carolina by promoting the availability of competitive telecommunications service offerings in the state.

6. The Company requests a waiver of the requirement to keep its financial records in conformance with the USOA; the requirement in S.C. Code Ann. Regs. 103-631; the requirement in S.C. Code Ann. Regs. 103-612.2.3; and the requirement in S.C. Code Ann. Regs. 103-622.1(d). We believe that exemptions from the policies that would require the Company to keep its records under the USOA, to publish local exchange directories to file a map of service areas, and to itemize toll charges are reasonable. Finally, since the Company has demonstrated that it, together with its parent, STCI, has met the required amount of investment in telecommunications facilities in South Carolina, as well as demonstrated its financial stability, there is no need for the Company to file a bond or other security measure, pursuant to S.C. Code Ann. Regs. 103-607, related to its provision of retail residential local exchange service.

7. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280(B)(1) (Supp. 2015).

8. The Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280(B)(3) (Supp. 2015).

9. The Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280(B)(4) (Supp. 2015).

10. The services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280(B)(2) (Supp. 2015).

11. The provision of local exchange service by the Company “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280(B)(5) (Supp. 2015).

12. Following execution of a Stipulation with intervenor Comporium, Comporium withdrew its opposition to the Application.

13. The ORS was permitted to be excused from the hearing, and the fact that it did not oppose the grant of the Application herein is duly noted.

CONCLUSIONS OF LAW

1. The Commission concludes that the Company possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that the Company will participate in the support of universally available telephone service at affordable rates to the extent that the Company may be required to do so by the Commission.

3. The Commission concludes that the Company will provide services that will meet the service standards of the Commission.

4. The Commission concludes that the approval of the Company’s Application to provide resold and facilities-based local exchange and interexchange telecommunications services within South Carolina will serve the public interest by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of telecommunications service by the Company will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide local exchange and interexchange telecommunications services as requested by the Company and as

set forth in its Application and Mr. Chambers' testimony is in the public interest of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to the Company to provide facilities-based and resold local exchange and interexchange telecommunications services.

8. The Commission concludes the Company's local exchange and interexchange telecommunications services shall be regulated in accordance with the alternative regulation provisions of S.C. Code Ann. §§ 58-9-575 and 58-9-585. Under this alternative regulatory treatment, the Commission will not fix or prescribe the rates, tolls, charges, or rate structures for the Company's bundled local exchange and interexchange services or for its operator and directory assistance services. The Company will file and maintain price lists for its local and interexchange services without filing a maximum rate schedule. According to the testimony of Mr. Chambers at the hearing, the Company is subject to competition with respect to its bundled local and long distance IP voice services, as well as the directory assistance and operator service offerings, and adoption of the requested alternative regulatory plan would help the Company offer competitive services that will serve the public interest.

9. The Commission concludes that the Company's request for waiver of the USOA requirement, as well as the requirements of S.C. Code Ann. Regs. 103-631, S.C. Code Ann. Regs. 103-612.2.3, and S.C. Code Ann. Regs. 103-622.1(d) should be granted. The Commission also concludes that the Company's demonstration of its financial stability, as well as its investment in telecommunications facilities in South Carolina, support a determination that the Company is not required to file a bond or other security measure, pursuant to S.C. Code Ann. Regs. 103-607, related to the Company's provision of retail residential local exchange service.

10. The Stipulation between the Company and Comporium should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to the Company to provide facilities-based and resold local exchange and interexchange telecommunications services within the State of South Carolina.

2. The regulatory treatment adopted for the Company's services shall conform to the design described in the Conclusions of Law above.

3. If it has not already done so, the Company shall file its revised tariff utilizing the Commission's e-filing system for tariffs within thirty (30) days of the issuance of this Order. The revised tariff should be electronically filed in a text searchable PDF format using the Commission's DMS System (<http://dms.psc.sc.gov>). An additional copy should be sent via email to etariff@psc.sc.gov to be included in the Commission's ETariff System (<http://etariff.psc.gov>). Future revisions to the tariff should be made using the ETariff System. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. The Company shall resell the services of only those local exchange carriers ("LECs") authorized to do business in South Carolina by this Commission.

5. The Company shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipts report will necessitate the filing of intrastate information. Therefore, the Company shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is

“Telecommunications Company Annual Report.” This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st** of each year.

6. Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is titled “Gross Receipts Form.”

7. Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service (“USF”) worksheet, which may be found on the ORS’s website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company’s liability to the State USF fund. The Intrastate USF worksheet is due to be filed with the Commission and ORS annually no later than **August 1st** of each year.

8. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies that occur during non-office hours. The Company shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/reference/forms.asp; this form shall be utilized for

the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

9. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

10. The Company requested a waiver of the USOA requirement, as well as the requirements of S.C. Code Ann. Regs. 103-631, S.C. Code Ann. Regs. 103-612.2.3, and S.C. Code Ann. Regs. 103-622.1(d). The Commission finds the Company's requested waivers reasonable and therefore grants the requested waivers. Further, the Commission acknowledges that the Company shall maintain its financial records in conformance with GAAP. Finally, the Commission acknowledges that the Company has filed a letter documenting that it has demonstrated its financial stability and investment in telecommunications facilities in South Carolina, and we find there is no need for the Company to file a bond or other security measure, pursuant to S.C. Code Ann. Regs. 103-607, related to its provision of retail residential local exchange service.

11. The Company is required to comply with Title 23, Chapter 47, South Carolina Code of Laws Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 System" or "911 service." Services available through a 911 System include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs the Company to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before providing voice or dial-tone telephone service in South Carolina. Located on the homepage of the Commission's

website at www.psc.sc.gov is a “Quick Link” column. Clicking on this tab will provide a list of county and city E-911 coordinators with contact information. By this Order, and prior to providing voice or dial-tone services within any area of South Carolina, the Company is directed to contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 System, and shall provide information regarding the Company’s operations as required by the 911 System.

12. The Stipulation with Comporium is hereby approved and incorporated as part of this Order.

13. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

Swain E. Whitfield, Chairman

ATTEST:

Comer H. Randall, Vice Chairman